



**Office of the Attorney General
Paul G. Summers**

NEWS RELEASE

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**TENNESSEE ATTORNEY GENERAL WINS ANTITRUST AGREEMENT IN
LAWSUIT ALLEGING PRICING CONSPIRACY ON MUSIC CDS**

Tennessee Attorney General Paul G. Summers announced today that five of the largest U.S. distributors of pre-recorded music CDs and three large retailers agreed to pay millions of dollars in cash and free CDs as part of an agreement on price-fixing allegations.

The companies will pay \$67,375,000 in cash, provide \$75,500,000 worth of music CDs, and not engage in sales practices that allegedly led to artificially high retail prices for music CDs and reduced retail competition as part of the agreement. Tennessee's share is an estimated \$993,948 in cash and \$1,507,852 in CDs.

"The lawsuit and settlement demonstrate our commitment to halting corporate misconduct," Attorney General Summers said. "Such illegal activity causes our citizens to pay higher prices and distorts our free market economy."

Tennessee, along with 41 other states and three territories filed an antitrust lawsuit in federal court in August, 2000. The lawsuit alleged the five music distributors (including their affiliated labels) and three large music retailers entered into illegal conspiracies to raise the price of pre-recorded music to consumers. The defendants in the lawsuit are music distributors Bertelsmann Music Group, Inc., EMI Music Distribution, Warner-Elektra-Atlantic Corporation, Sony Music Entertainment, Inc., Universal Music Group and national retail chains Transworld Entertainment Corporation, Tower Records, and Musicland Stores Corporation. The defendants deny these allegations.

Today's agreement calls for the defendants to change sales practices to ensure strong price competition among retailers. The companies will pay \$67,375,000 in consumer compensation, charitable purposes, or some combination of both. Notice of how to file a claim will be provided to the public at a later date. Finally, the defendants will provide approximately 7,000,000 music CDs (valued at \$75,500,000) for distribution by the state attorneys general to not-for-profit corporations, charitable groups and governmental entities such as schools and libraries for the benefit of all consumers in each state.